

# Maurice Hinchey NEWS

## 26<sup>TH</sup> CONGRESSIONAL DISTRICT, NEW YORK

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FOR IMMEDIATE RELEASE

June 26, 2002

### **HINCHEY CALLS FOR EQUITABLE VA FUNDING**

WASHINGTON - U.S. Representative Maurice Hinchey (NY-26) today released a letter he recently sent to the Chairman of the House Veterans' Affairs Committee, repeating his call for changes in the way the Department of Veterans Affairs allocates its resources. Hinchey also announced that he has joined 30 of his colleagues in writing to the Secretary of Veterans Affairs, calling on him to address the concerns about the allocation formula raised by a General Accounting Office report.

"In the past year we've scored two major victories in the effort to correct VERA," said Hinchey. "We got a commitment from the chairman and we got an independent study that supports our position. It's my job now to make sure that Chairman Smith keeps his promise and that the VA takes action based on the GAO report. We can't wait any longer to ensure that veterans in the Northeast are getting the health care they deserve."

Because it does not account for regional differences in health care costs, the Veterans Equitable Resource Allocation formula effectively penalizes veterans in the Northeast, particularly in the Hudson Valley region. Since 1995, the VA's Hudson Valley Health Care system has cut the number of employees by 34 percent and the number of beds by 52 percent. Meanwhile the number of patients has increased by 76 percent and the number of visits has risen by 84 percent.

In each of the last three Congresses, Hinchey and U.S. Representative Rodney Frelinghuysen (NJ-11) have jointly offered an amendment to the VA-HUD Appropriations bill to prevent the VA from using VERA. During debate on the Frelinghuysen-Hinchey amendment last summer, U.S. Representative Chris Smith (NJ-04), in his first year as committee chairman, stated that he was working on a comprehensive bill to improve the VA healthcare system and assured the amendment's proponents that his bill would address their concerns. In light of Smith's remarks, Hinchey and Frelinghuysen withdrew their amendment.

Meanwhile, GAO conducted a study that confirmed that VERA does not allocate resources in proportion to need. The VA, while agreeing with GAO's conclusions and recommendations, would not commit to specific actions and timelines, citing ongoing studies and further consideration.

In his June 21 letter to Smith, Hinchey reminded the chairman of his promise and inquired as to the progress of his efforts. Hinchey cited the GAO report, in addition to recent reports of veterans in the Hudson Valley who died or committed violent acts soon after their release from a VA hospital.

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**Congressman Maurice Hinchey**

**June 25, 2002**

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On June 13, Hinchey and a bipartisan group of his House colleagues wrote to Secretary Anthony J. Principi, detailing VERA's deficiencies as identified by the GAO report. Specifically, the letter points out that VERA shortchanges networks that have a high proportion of Priority 7 veterans and does not account for cost differences among networks resulting from variations in their patients' health care needs.

The texts of both letters are attached, along with a list of those who signed the letter to Principi.

June 21, 2002

The Honorable Christopher H. Smith  
Chairman  
House Veterans' Affairs Committee  
335 Cannon HOB  
Washington, DC 20515

Dear Chairman Smith:

I am writing to inquire as to the status of your efforts to address the regional inequities created by the Veterans Equitable Resources Allocation (VERA). As you are well aware, VERA is neither equitable nor fair and has provided greatly increased funding to some areas of the nation by significantly reducing funds sent to our region. Our veterans will continue to suffer as long as VERA in its current form remains in effect.

In an effort to address the inequities caused by VERA, for the past four years Rep. Frelinghuysen and I have offered an amendment during consideration of the VA-HUD Appropriations bill to repeal the VERA formula. Last year we did not call for a vote on our amendment. Instead, you stated on the floor that you were working on a comprehensive VA health care improvement and capacity restoration bill that would address many of our concerns regarding quality of care for veterans in our region.

I write to you now because the fiscal hardships caused by VERA are currently putting the lives of veterans at risk in my region of New York. In recent months, three mentally disabled veterans died within days of reportedly being improperly released from a Hudson Valley VA hospital due to financial considerations. As you are well aware, both the GAO and the VA Inspector General have published reports calling for changes in VERA due to its impacts on our region. I understand that you recently held a field hearing in New Jersey to examine the VERA formula and the GAO and VA Inspector General reports.

I know that you are committed to allocating veterans' medical care dollars so that all of our veterans, regardless of where they live, will have access to the same quality of medical care they have earned and deserve. I realize that restoring equity will be extremely difficult, but given the escalating crisis in veterans' health care funding in our region, I hope that as Chairman you will devise a truly equitable formula for allocating veterans' medical care funding that can be enacted this year. I strongly support your work to improve our veterans' health care system and hope you will share with me the status of your efforts.

Sincerely,

Maurice D. Hinchey

June 13, 2002

The Honorable Anthony J. Principi  
Secretary of Veteran Affairs  
810 Vermont Avenue, NW  
Washington, D.C. 20420

Dear Mr. Secretary:

We write to inform you of our great concern regarding the Veterans Equitable Resource Allocation (VERA) method for distributing funds to the twenty-two Veterans Integrated Service Networks.

I know you share our desire to ensure that the VERA formula is as equitable and efficient as possible, providing the highest-quality healthcare to veterans. However, of concern are numerous reports and studies citing the shortcomings of the funding formula, particularly a recent report by the General Accounting Office (GAO), entitled, "VA Health Care - Allocation Changes Would Better Align Resources with Workload." They strongly suggest sufficient steps are not being taken to correct these weaknesses.

We strongly believe it is time to reform the funding formula and we urge you to take immediate steps to remedy the annual disparities in funding our nation's veterans' hospitals.

The weaknesses identified by the GAO include VERA's exclusion of about one-fifth of VA's workload in determining each network's allocation. By excluding Priority 7 veterans from its calculations, the VERA formula shortchanges networks that have a higher proportion of these veterans. Secondly, VERA does not account for cost differences among networks resulting from variations in their patients' health care needs. Lastly, the process for providing supplemental resources to networks through VA's National Reserve Fund has not been used to analyze how the need for such resources is caused by potential problems in VERA's allocation, network inefficiency or other factors.

To pursue VERA's goal of providing "comparable resources for comparable workloads" and ensuring a more equitable distribution of funds, the GAO report recommends that VERA improve its workload calculations by including the most rapidly growing proportion of VA's workload - Priority 7 veterans. It also recommends that the VA improve its adjustment for cost differences beyond network control by incorporating more categories into VERA's case-mix adjustment in order to more accurately account for the differences in networks' patient healthcare needs.

Fulfilling our promise to provide for veterans' healthcare needs is an important part of the enduring bond we share with veterans. We urge you to pursue funding reform expeditiously. By avoiding delay, millions of dollars in veterans' health funding being allocated more justly, and critical healthcare services may be provided to veterans in need.

We stand ready to work with you and we thank you for your prompt attention on this important matter.

Sincerely,

Carolyn McCarthy (NY)  
James McGovern (MA)  
Collin Peterson (MN)  
John Dingell (MI)  
Greg Ganske (IA)

Anthony Weiner (NY)  
James Maloney (CT)  
Gary Ackerman (NY)  
Jose Serrano (NY)  
John Sununu (NH)

Frank Pallone (NJ)  
John Baldacci (ME)  
Sander Levin (MI)  
Carolyn Maloney (NY)  
Lee Terry (NE)

Vito Fossella (NY)  
Phil English (PA)  
John Thune (SD)  
Eliot Engel (NY)  
Maurice Hinchey (NY)  
Ernie Fletcher (KY)

Patrick Kennedy (RI)  
Bill Pascrell, Jr. (NJ)  
Doug Bereuter (NE)  
Jerrold Nadler (NY)  
Dan Burton (IN)

Steve Israel (NY)  
Bernard Sanders (VT)  
Rosa DeLauro (CT)  
John Conyers (MI)  
Stephen Lynch (MA)